

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

MAILING ONLINE SERVICE

Docket No. MC98-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS GARVEY TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T1-8-12)

The United States Postal Service hereby provides responses of witness Garvey to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T1-8-12, filed on July 23, 1998.


Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

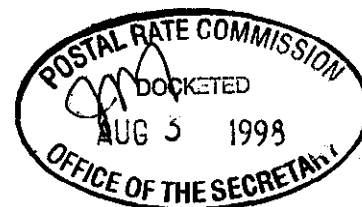
By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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August 3, 1998



RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GARVEY
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T1-8. Please refer to your testimony at page 1, lines 13-15.

- a. Please confirm that the Postal Service, via its proposed Mailing Online service, will serve as an intermediary to certain firms in the commercial printing industry, gathering printing jobs from small-volume customers. If you do not confirm, please explain.
- b. Please confirm that commercial printers possessing sophisticated digital printing technology have the capability to receive documents and data in digital form via the internet for printing, independent of the Postal Service's proposed Mailing Online service. If you do not confirm, please explain.
- c. Please confirm that commercial printers awarded one of the 25 expected commercial printing contracts will print, presort and enter the Mailing Online mail matter in the same manner as customers who do not utilize Mailing Online service. If you do not confirm, please explain.

RESPONSE:

- a. As stated in my testimony at page 2, lines 4-9, documents submitted by Mailing Online customers will be processed at a control center and the print files created as a result will be distributed to commercial print sites.
- b. It is my understanding that such commercial printers generally have the technical capability to receive documents and data in digital form via the internet.
- c. I am only able to confirm that commercial printers entering Mailing Online mailings will be required to abide by preparation and entry requirements as stated in USPS-LR-5/MC98-1.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GARVEY
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T1-9. Please refer to your testimony at page 2, lines 12-15. Please explain the phrase "system-sorted batch mailings."

RESPONSE:

As explained in my testimony at page 10, lines 16-18, batch address files are presorted by the system to the maximum depth of sort prior to transmission; this presorted address file constitutes a "system-sorted batch mailing."

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GARVEY
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T1-10. Please refer to your testimony at page 5, lines 14-17, where it states that the "printing and production charges [were] covered by the Postal Service as part of the developmental costs." [footnote omitted]

- a. At any time during the operational test period, did the Postal Service cover the printing and production charges by performing the printing and production at one or more Postal Service facilities? Please explain.
- b. If, during the operational test period, the Postal Service contracted with any commercial printers for printing and production services, please provide:
 - i. the name of the commercial printer(s);
 - ii. the location of the commercial printer(s), and;
 - iii. the number of employees of each commercial printer.
- c. Please provide a copy of the contracts referred to in part (b) of this interrogatory.
- d. Since the commencement of the operational test period, on how many days have Mailing Online pieces been transmitted electronically to the postal facility or commercial printer(s) referred to in parts (a) and (b) of this interrogatory? On how many days have there been no transmissions?
- e. Please provide a frequency distribution showing the number of days on which 0, 1, 2, etc., electronic transmissions of Mailing Online pieces have been made to the postal facility or commercial printer(s) referred to in parts (a) and (b) of this interrogatory since the commencement of the operational test period.
- f. Please provide a tabulation showing the volume of Mailing Online pieces broken down by number of transmissions per day. In other words, the tabulation should show the total volume of Mailing Online received at the postal facility or commercial printer(s) referred to in parts (a) and (b) of this interrogatory on days when 1, 2, 3, etc., transmissions were made.

RESPONSE:

- a. No, printing and production was always performed at commercial printing facilities.
- b.
 - i. Xerox Business Services (XBS) is the commercial printer for the operational test period, through a sub-contracting arrangement with Tracor (formerly Cordant).
 - ii. The XBS facility is located in Farmer's Branch, Texas.
 - iii. I have no knowledge of the number of employees of XBS.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GARVEY
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

- c. A copy of the postal contract to which the provision of printing services was sub-contracted to XBS is being filed as USPS-LR-7/MC98-1.
- d-f. See Exhibit 1 to Response to OCA/USPS-T1-10, attached.

Transactions

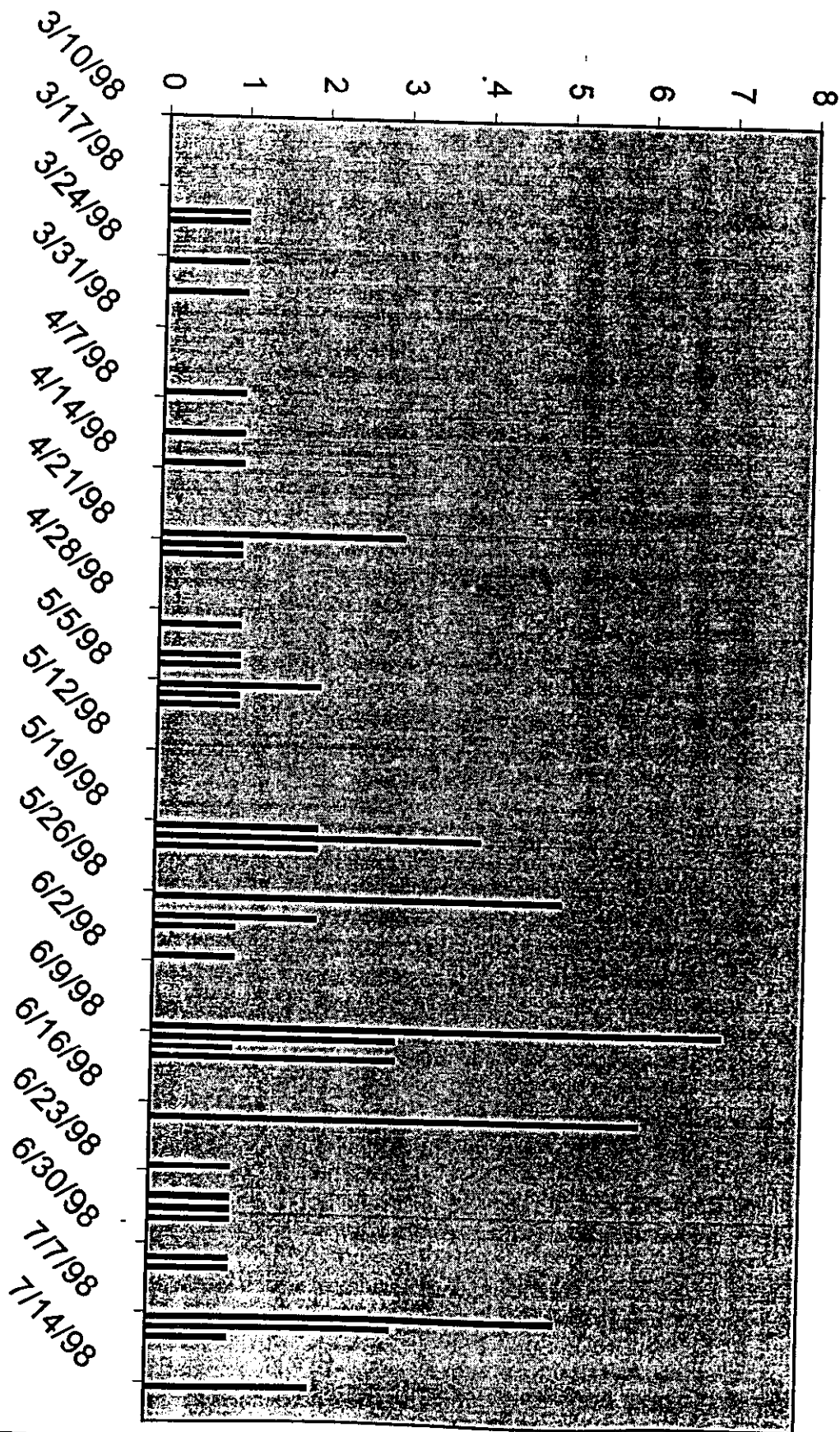


EXHIBIT 1 TO RESPONSE TO OCA/USPS-T1-10

Date	Transactions	Mail Pieces
3/10/98	0	0
3/11/98	0	0
3/12/98	0	0
3/13/98	0	0
3/14/98	0	0
3/15/98	0	0
3/16/98	0	0
3/17/98	0	0
3/18/98	0	0
3/19/98	1	9
3/20/98	1	1660
3/21/98	0	0
3/22/98	0	0
3/23/98	0	0
3/24/98	1	10
3/25/98	0	0
3/26/98	0	0
3/27/98	1	2
3/28/98	0	0
3/29/98	0	0
3/30/98	0	0
3/31/98	0	0
4/1/98	0	0
4/2/98	0	0
4/3/98	0	0
4/4/98	0	0
4/5/98	0	0
4/6/98	1	119
4/7/98	0	0
4/8/98	0	0
4/9/98	0	0
4/10/98	1	535
4/11/98	0	0
4/12/98	0	0
4/13/98	1	1831
4/14/98	0	0
4/15/98	0	0
4/16/98	0	0
4/17/98	0	0
4/18/98	0	0
4/19/98	0	0
4/20/98	3	5901
4/21/98	1	89
4/22/98	1	531
4/23/98	0	0
4/24/98	0	0
4/25/98	0	0
4/26/98	0	0

EXHIBIT 1 TO RESPONSE TO OCA/USPS-T1-10

Date	Transactions	Mail Pieces
4/27/98	0	0
4/28/98	0	0
4/29/98	1	509
4/30/98	0	0
5/1/98	0	0
5/2/98	1	94
5/3/98	1	65
5/4/98	0	0
5/5/98	2	5
5/6/98	1	31
5/7/98	1	27
5/8/98	0	0
5/9/98	0	0
5/10/98	0	0
5/11/98	0	0
5/12/98	0	0
5/13/98	0	0
5/14/98	0	0
5/15/98	0	0
5/16/98	0	0
5/17/98	0	0
5/18/98	0	0
5/19/98	2	2487
5/20/98	4	1577
5/21/98	2	14
5/22/98	0	0
5/23/98	0	0
5/24/98	0	0
5/25/98	0	0
5/26/98	5	1823
5/27/98	0	0
5/28/98	2	158
5/29/98	1	68
5/30/98	0	0
5/31/98	0	0
6/1/98	1	1272
6/2/98	0	0
6/3/98	0	0
6/4/98	0	0
6/5/98	0	0
6/6/98	0	0
6/7/98	0	0
6/8/98	7	592
6/9/98	3	9
6/10/98	1	696
6/11/98	3	189
6/12/98	0	0
6/13/98	0	0

EXHIBIT 1 TO RESPONSE TO OCA/USPS-T1-10

Date	Transactions	Mail Pieces
6/14/98	0	0
6/15/98	0	0
6/16/98	0	0
6/17/98	6	478
6/18/98	0	0
6/19/98	0	0
6/20/98	0	0
6/21/98	0	0
6/22/98	1	3
6/23/98	0	0
6/24/98	0	0
6/25/98	1	1509
6/26/98	1	3
6/27/98	1	1293
6/28/98	0	0
6/29/98	0	0
6/30/98	0	0
7/1/98	1	937
7/2/98	1	1142
7/3/98	0	0
7/4/98	0	0
7/5/98	0	0
7/6/98	0	0
7/7/98	5	2951
7/8/98	3	4760
7/9/98	1	2178
7/10/98	0	0
7/11/98	0	0
7/12/98	0	0
7/13/98	0	0
7/14/98	2	1702
7/15/98	0	0
7/16/98	0	0
7/17/98	0	0

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GARVEY
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T1-11. Please refer to your testimony at page 5, lines 19-20, and page 6, lines 1-4.

- a. During the expanded (market) test period, please confirm that the Postal Service will accept Mailing Online documents in digital form only from customers located in the three metropolitan areas of New York, Boston and Philadelphia. If you do not confirm, please explain.
- b. Please explain how the Postal Service determined that the three metropolitan areas of New York, Boston and Philadelphia would constitute the geographic area of the market test.
- c. During the expanded (market) test period, please confirm that the Mailing Online documents received from customers located in the three metropolitan areas referred to in part (a) of this interrogatory can be mailed to any address in the domestic delivery area of the Postal Service. If you do not confirm, please explain.
- d. During the expanded (market) test period, please confirm that the addition of a second printer will create a second market test area of limited (i.e., other than nationwide) geographic scope. If you do not confirm, please explain.
- e. During the expanded (market) test period, please explain how the Postal Service will determine whether to create a second market test area of limited (i.e., other than nationwide) geographic scope.
- f. During the expanded (market) test period, please explain how the Postal Service will determine the second geographic area to be part of the expanded (market) test.
- g. Please confirm that the Postal Service has solicited bids from commercial printers for the award of a contract to a second printer in another area during the expanded (market) test period. If you do not confirm, please explain. If you do confirm, please provide a copy of the Request for Proposals (RFP) or other document soliciting bids from commercial printers.

RESPONSE:

- a. The market test¹ area will be in portions of the three stated metropolitan areas. Existing operations test customers in Tampa and Hartford will also continue to have access to Mailing Online services.
- b. A review of the geographic areas suitable for the test expansion indicated that these three areas contained a high concentration of potential users with the characteristics expected of Mailing Online users.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GARVEY
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- c. Confirmed that documents can be mailed to any address in the domestic delivery area of the Postal Service. This is currently true of the operations test and will remain so for the market test and experiment.
- d-f. The addition of a second printer during the market test would not create a second test area. That second printer will be located in the New York/New Jersey area to support expected increases in volume as users increase their use of the service.
- g. The solicitation for a second printer has not been released. When released, the RFP will be substantially identical to the RFP document provided as USPS-LR-5/MC98-1.

¹ Although the original schedule for the expanded test called for a September 1, 1998 start date, technical development delays have caused that date to be changed to October 1, 1998.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GARVEY
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OCA/USPS-T1-12. Please refer to your testimony at page 6, lines 5-6.

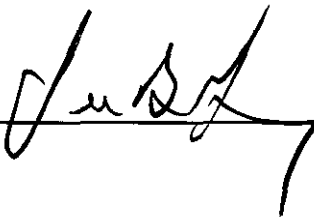
- a. Please confirm that the Postal Service will limit the number of participants in the three metropolitan areas during the expanded (market) test period to "several thousand." If you do not confirm, please explain.
- b. If the number of participants in the three metropolitan areas during the expanded (market) test period is not limited, how does the Postal Service intend to inform potential Mailing Online service customers of the availability of this service.
- c. Please confirm that the cost of informing potential customers or advertising the availability of Mailing Online service during the expanded (market) test period has been included in the cost estimates developed by witness Seckar or witness Stirewalt. If you do not confirm, please provide the estimated costs of advertising and informing potential customers.

RESPONSE:

- a-b. The number of market test participants will be limited to several thousand as stated. Please see the response to OCA/USPS-T1-11(a).
- c. It is my understanding that as appropriate, these costs have been included.

DECLARATION


I, Lee Garvey, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Dated: August 3, 1998

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in cursive script, appearing to read "K N Hollies", is written over a horizontal line.

Kenneth N. Hollies

475 L'Enfant Plaza West, S.W.
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August 3, 1998